

**In The Claims:**

Please cancel claim 1 without prejudice or disclaimer to the subject matter contained therein. Please substitute amended claims 2, 6, 8 and 10 for pending claims 2, 6, 8 and 10 as follows:

2. A method for compacting a diffuse gray edge, comprising the steps of:  
identifying an observation window within continuous tone image data, said observation window including a target pixel;  
determining if said target pixel is within a diffuse horizontal edge; and  
compacting horizontal features within said observation window,  
wherein said step of compacting horizontal features comprises  
shifting gray from a first pixel (A) that is not adjacent to a saturated pixel to a second pixel (B) that is adjacent to a saturated pixel; and  
updating a pixel value in response to said shifting step.
  
6. A method for compacting a diffuse gray edge, comprising the steps of:  
identifying an observation window within continuous tone image data, said observation window including a target pixel; and  
compacting vertical features within said observation window, wherein said step of compacting vertical features comprises  
determining if said target pixel is within a diffuse vertical edge,  
shifting gray from a first pixel (A) that is not adjacent to a saturated pixel to a second pixel (B) that is adjacent to a saturated pixel, and  
updating a pixel value in response to said shifting step.



8. A method for compacting a diffuse gray edge, comprising the steps of:  
identifying an observation window within continuous tone image data, said observation window including a target pixel;  
compacting horizontal features within said observation window;  
compacting vertical features within said observation window; and  
compacting corner features within said observation window, wherein:  
said step of compacting horizontal features modifies said target pixel and a first pixel adjacent said target pixel by shifting gray between said target pixel and said first pixel when said target pixel is within a diffuse horizontal edge,  
said step of compacting vertical features modifies said target pixel and a second pixel adjacent said target pixel by shifting gray between said target pixel and said second pixel when said target pixel is within a diffuse vertical edge, and  
said step of compacting corner features modifies a pixel within said compaction window when said target pixel is within a diffuse corner.
10. A method for compacting a diffuse gray edge, comprising the steps of:  
identifying an observation window within continuous tone image data, said observation window including a target pixel;  
determining if said target pixel is within a diffuse corner;  
shifting gray from a first pixel (A) that is not adjacent to a saturated pixel to a second pixel (B) that is adjacent to a saturated pixel; and  
updating a pixel value in response to said shifting step.



Please add a new claim 21 as follows:

21. The method of claim 17, wherein said step of compacting gray pixels within said diffuse gray edge comprises:

shifting gray from a first pixel that is not adjacent to a saturated pixel to a second pixel that is adjacent to a saturated pixel, and updating a pixel value in response to said shifting step.

